

1. Why is PERF going out to bid for its actuarial services at this time? It is our understanding that there are several one-year extensions left on the current contract awarded in 2004.

**Answer:** PERF management is reviewing all existing relationships and contracts with current vendors to ensure that we are receiving the best possible services at the most competitive prices.

2. Item 25 on page 22 states “contractor shall provide and maintain, at its own expense, the following insurance policies: \_\_\_\_\_.” Is PERF asking about Error & Omission insurance or some other type of insurance? If it is asking about Error & Omission insurance, is there a minimum level that PERF is requiring?

**Answer:** This provision is meant to address whether the firm maintains some kind of professional liability (or “E&O”) insurance. We do not require a minimum level of coverage at this point.

3. On Item E on page 15 you state that the actuarial firm must not seek to unreasonably limit its liability for negligence. Can you explain what is meant by “unreasonably”?

**Answer:** Limitations on liability will not be considered.

4. On Page 12 you state that the plans with a July 1 valuation date need to have their valuations completed by December 31; however, this contract will not be awarded until mid-October. What is the first valuation that would need to be completed under this contract?

**Answer:** Valuations under this contract would not be required until FY08.

5. Please provide a breakout of actuarial fees that were paid for the most recent fiscal year end that is available by:
  - a. Valuation services
  - b. Other services

**Answer:** For valuation and other services combined, fees paid for FY06 totaled \$171,994.38.

6. Due to the type of services contemplated by this RFP, a dispute arising from the contract would likely involve very technical, complex actuarial issues. If agreement can not be reached, either party may take the dispute to a court of competent jurisdiction. Given the complexity of actuarial work, our firm would prefer to have some protection from a jury trial with lay persons. Would an alternative form of jurisdiction be acceptable? We believe the average layperson is not sufficiently equipped with the requisite knowledge to decide such issues. Is PERF willing to modify the proposed Disputes language to provide that the parties will contractually agree to avoid a jury trial and instead use a more qualified adjudicator to decide disputes? For example, is PERF willing to agree to submit to a federal bench trial, assuming that a claim qualifies for federal jurisdiction? If a claim is determined to not qualify for federal jurisdiction (and because Indiana’s

statutes and case law currently do not enforce pre-trial contractual jury waivers), would PERF contractually agree to binding arbitration?

**Answer: Changes to the boilerplate dispute resolution and indemnification provisions are not permitted. Protection from jury trial will not be considered.**

7. It is our expectation that the services to be provided under this proposal are intended for the benefit of PERF and not for the benefit of any third parties. In order to limit the risk of third parties obtaining the work product and relying on it, we would seek to limit the distribution of our work product to third parties, except as required under public disclosure laws or other legally required disclosures. Is PERF amenable to including terms that limit disclosure of Contractor's work product? Given that we do not intend to benefit any third parties and in light of the significant risk exposure for even small errors incurred by a bidder, is PERF willing to modify the proposed Indemnification language such that the bidder's obligation to indemnify for third party claims is limited to claims which arise solely out of the fraud, intentional torts, or grossly negligent acts or omissions of Contractor, its employees and subcontractors? Generally accepted actuarial practice for actuarial audits would generally accept results within 5% of the total liabilities. For example, given the size of PERF, even minor refinements in actuarial procedures which are say less than even 0.01% of the total liabilities would be considered de minimis within the actuarial profession but could possibly be legally construed as negligent.

**Answer: PERF is not permitted to make revisions to the boilerplate indemnification provision.**

8. In Item 19 of the proposed sample contract, the Contractor is required to return all records of PERF upon termination. Is PERF willing to add language allowing the Contractor to retain one copy of records as necessary to comply with professional documentation requirements applicable to actuaries?

**Answer: Yes**